

THE EMPOWERING PARENTS ACT OF 2001

There is growing interest in empowering parents to make choices about their children's education and in providing meaningful alternatives to children trapped in failing schools. The Empowering Parents Act is designed to help ensure that parents are empowered with real choices for their children within the public school system. It encourages states and local districts with low-performing schools to experiment with broad public school choice. It also eliminates many of the artificial barriers to charter school financing, identified in a recent GAO report, that have prevented the supply of new charter schools from keeping pace with the growing demand among parents and students.

PUBLIC SCHOOL CHOICE – Current law gives Title I children the right to “choice out” of failing school. There is no assurance, however, that parents will be given any real choice when it comes to where their child might transfer.

- ***Competitive Grants*** – The Empowering Parents Act provides \$200 million in competitive grants to help communities with low-performing schools to experiment with making every school a school of choice. This will help overcome capacity constraints and administrative hurdles that currently prevent many students in failing schools from exercising their right to choice.

CHARTER SCHOOL FACILITIES FINANCING – Across the country, charter schools are raising student achievement in some of our most disadvantaged communities. Seven out of ten charter schools, however, have waiting lists. A lack of parity between charters and district schools in their access to traditional modes of financing has prevented the supply of new charter schools from meeting the demand.

- ***Credit Enhancement*** – The Empowering Parents Act expands Subpart 2 of the Public Charter School program to provide \$400 million yearly in grants to entities that help charters leverage private financing at affordable rates of interest for facilities and start-up costs. Although very few charter schools fail in the aggregate, many individual charter schools are currently charged prohibitive rates of interest because of the perceived risk associated with their short-term charters.
- ***Equitable Tax-Exempt Status*** – The Empowering Parents Act amends current tax law to clarify that interest on charter school loans is exempt from federal taxation. The lack of clarity on this point in current law is another reason that charters pay higher rates of interest than traditional school bonding authorities.
- ***Matching Grants*** – The Empowering Parents Act provides \$400 million in new incentives to states to establish parity in facilities funding assistance between charter schools and traditional district schools. Today, the per pupil payments that constitute the main source of financing for charter schools are generally only a fraction of the funds provided to traditional public schools for operating expenses alone. Moreover, charter schools frequently receive little in the way of the state and local facilities funding that is currently provided to district schools.